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CLASSIFICATION ~~CONFIDENTIAL~~ **CONFIDENTIAL**
 CENTRAL INTELLIGENCE AGENCY REPORT
 INFORMATION FROM
 FOREIGN DOCUMENTS OR RADIO BROADCASTS CD NO.

COUNTRY	China	DATE OF INFORMATION	1950
SUBJECT	Economic - Trade	DATE DIST.	14 Feb 1950
HOW PUBLISHED	Daily newspapers	NO. OF PAGES	3
WHERE PUBLISHED	Hong Kong	SUPPLEMENT TO REPORT NO.	
DATE PUBLISHED	6 - 10 Jan 1950		
LANGUAGE	Chinese		

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SOURCE Newspapers as indicated.

HONG KONG TRADE WITH THE MAINLAND CONTINUES STRONG

PORT OF TA-LIEN OPENED -- Wen-hui Pao, 6 Jan 50

Northeast authorities have dropped the plan to open the military port of Ch'in-huang-tao to civilian winter trade and have opened the port of Ta-lien as of 1 January.

Hong Kong shippers are rejoicing at this development, and two large foreign cargo ships carrying cotton, metals, and chemical industry materials are ready to sail for Ta-lien. Return cargos will be principally beans and bristles.

VIEW EFFECT OF BRITISH RECOGNITION -- Kung-shang Jih-pao, 9 Jan 50

Two viewpoints are evident among traders as to the effect of British recognition of the Pei-p'ing government on Hong Kong trade with the mainland.

Those who anticipate increased trade offer the following reasons for their hopes:

1. The Hong Kong -- Kuang-chou railroad will soon be open to through traffic.
2. The British Navy will convoy trade ships to Kuang-chou, Shanghai, T'ien-ching, and Ch'ing-tao. Buyers from all these ports are already active in the market.

All admit, however, that so-called luxury goods will not be in demand as long as Communist authorities maintain their present forbidding attitude toward their use.

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The pessimists advance the following reasons for their views:

1. The Communist government in Kuang-chou will assert a monopoly over trade through its South China Trading Corporation and South China Transport Corporation.
2. The South China Trading Corporation will deal directly with Britain, and direct transport routes will be established, by-passing Hong Kong.
3. Kuang-chou authorities reveal a strong tendency to limit import of transshipped merchandise.
4. The KMT blockade will now be intensified, making surface and air transport more difficult than heretofore. Nor is the Hong Kong--Kuang-chou railroad safe from bombing attacks.

RECOGNITION STIMULATES TRADE -- Kung-shang Jih-pao, 10 Jan 50

Since the British announced its recognition of the Pei-p'ing government, land, sea, and air transport lines have been preparing for business between Hong Kong and Kuang-chou.

The two ships Fo-shan and Wu-hsueh are preparing to remove obstacles from the river route, and it is expected that British naval forces will afford protection from attack by KMT blockade forces. Consequently, many ships are preparing to follow the Fo-shan and Wu-hsueh into Kuang-chou with cargoes. It is also hoped that the British Navy will protect ships on the Shang-hai run.

Buyers from all parts of the mainland are becoming very active in Hong Kong. All grades of paper are in demand and prices have risen. Western pharmaceuticals and sundries seem little affected by the new political situation so far as inland demand is concerned.

HONG KONG-TAIWAN TRADE BRISK -- Kung-shang Jih-pao, 9 Jan 50

The change in British-KMT diplomatic relations does not seem to have affected trade in Hong Kong adversely.

A large number of Taiwan traders are in Hong Kong purchasing goods. Business has increased from a few million dollars in Hong Kong currency to more than 20 million. The funds seem to be withdrawn largely from Hong Kong banks. Goods purchased are mostly wool, paper, industrial raw materials, and western pharmaceuticals. Taiwan traders expect to sell the cargo for gold in Taiwan. Taiwan goods coming into Hong Kong are sugar, tea, and marine products.

[On the next day the same paper ran the following story which contradicts the one above.]

HONG KONG-TAIWAN TRADE HIT BY BRITISH RECOGNITION -- Kung-shang Jih-pao, 10 Jan 50

Hong Kong-Taiwan trade has been hit a body blow by British recognition of the Communist China government. Taiwan traders are feverishly cancelling their orders in Hong Kong for such things as wool, foreign paper, and caustic soda or are dumping them at a loss. Alleged reasons for this change are:

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1. The break in KMT-British diplomatic relations has made it uncertain that British ships will continue on the Hong Kong-Taiwan run. They have been the most numerous carriers on this run.

2. The British Consulate in Taiwan has greatly restricted visas for Taiwan traders coming to Hong Kong.

3. Hong Kong-Taiwan exchange transactions have practically ceased, and no goods have arrived from Taiwan in recent days.

Hong Kong-Hainan trade has not yet felt the effect of the diplomatic changes.

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